

RSR LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

HODGE BAKSHI LIMITED
STATUTORY AUDITORS
Churchgate House
3 Church Road
Whitchurch
Cardiff
CF14 2DX

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FOR THE YEAR ENDED 30 SEPTEMBER 2021

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RSR LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2021

DIRECTORS:

Dr B Rees-Smith
Miss J Bradbury
Dr S Chen
Dr J Sanders

REGISTERED OFFICE:

7 Robin Lane
High Bentham
Lancaster
Lancashire
LA2 7AB

REGISTERED NUMBER:

03766047 (England and Wales)

AUDITORS:

HODGE BAKSHI LIMITED
STATUTORY AUDITORS
Churchgate House
3 Church Road
Whitchurch
Cardiff
CF14 2DX

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their strategic report for the year ended 30 September 2021.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company in the year under review was that of manufacturing and distributing medical diagnostic kits. The company's performance for the financial year and future prospects are considered to be satisfactory.

Financial performance in the year

The company recorded an increase in turnover of 4.92% which was in line with expectations from management.

The company achieved a gross profit margin of 59.1% (2020: 62.6%). This has been as a result of fluctuations in exchange rates despite of similar productivity and strong control on input costs compared to the prior year. The directors will continue to focus on improving margins and driving costs down in the company for the forthcoming year.

Financial position at the reporting date

The balance sheet shows that the company's net assets have increased by £1.0m when compared to the prior year.

Uncertainties related to the effects of COVID-19 and general macro economic conditions are relevant to understanding the financial statements. However, the reasonableness of estimates made by the directors, such as recoverability of debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID-19 is the most significant economic and social events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. However, when assessing the company's future prospects no accounts should be expected to predict unknowable factors of all possible future implications for a company and this is particularly the case in relation to COVID-19.

Future Developments

The directors aim to maintain the management policies which have resulted in the development of the company in recent years. They believe the company is well placed in the market and will continue to trade successfully.

KEY PERFORMANCE INDICATORS

The directors consider the following to be key performance indicators of the company:

	Year ended 2021	Year ended 2020
Turnover	£21,507,203	£20,499,330
Gross profit margin %	59.1%	62.6%
Net Profit (before tax)	£17,804,194	£17,388,947
Net assets	£23,617,545	£22,581,961

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The management team continually monitor the key risks facing the company together with assessing the controls used for managing these risks.

The board of directors formally reviews and documents the principal risks facing the business periodically.

The principal risks and uncertainties facing the company are as follows;

Economic downturn - The company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties.

Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.

Competitive pressure - In the general economic environment, competition is a perpetual risk to the company as is the ability of suppliers to keep pace with the competition.

The company manages this risk by providing fast response times in fulfilling sales orders and by maintaining strong relationships with key customers and suppliers globally.

Reliance on key suppliers - The company's purchasing activities could expose it to over reliance on certain suppliers and inflationary pricing pressure.

The company manages this risk by ensuring there is enough breadth in its supplier base and by constantly seeking to find potential alternative suppliers that may be used, if necessary.

Loss of key personnel - This would present significant operational difficulties for the company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Interest rate risks- These risks are managed by regular and consistent monitoring of interest rates.

Financial risk management - The main financial risks arising from the company's activities are credit risk, liquidity risk, foreign exchange risk, interest rate risk, price risk and cash flow risk.

Credit risk- The company limits its exposure to credit risk. It is the company's policy to assess the credit risk of all customers before entering into a trading relationship and to ensure that credit risk is kept to a minimum.

Liquidity risk- The operations of the company are financed through robust management of the company's working capital requirement and treasury function.

The company's policy to manage liquidity risk and cash flow risk is to ensure that adequate funds are held in readily accessible current accounts to meet the working capital requirements of the company.

The directors of the company monitor these risks carefully and, when appropriate, steps are taken to ensure liquidity risk and cash flow risk are reduced.

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Foreign exchange risk - The company sources products from abroad and is therefore subject to foreign exchange movements. This risk is managed by regular and consistent monitoring of exchange rates.

Price risk- The company does not enter into hedging arrangements however the directors consider the company exposure to price risk as being low.

ON BEHALF OF THE BOARD:

Dr B Rees-Smith - Director

24 June 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report with the financial statements of the company for the year ended 30 September 2021.

DIVIDENDS

The total distribution of dividends for the year ended 30 September 2021 will be £ 15,000,000 .

RESEARCH AND DEVELOPMENT

The company will continue its policy of research and development in order to retain a competitive position in the market. All research and development expenditure is written off to the profit and loss account as it is incurred.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2020 to the date of this report.

Dr B Rees-Smith
Miss J Bradbury
Dr S Chen
Dr J Sanders

Other changes in directors holding office are as follows:

Dr J Furmaniak and Dr M Powell ceased to be directors after 30 September 2021 but prior to the date of this report.

POLITICAL DONATIONS AND EXPENDITURE

The company made no charitable or political donations during the year.

GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. In making his assessment, the directors have reviewed the balance sheet, the likely future cashflows of the business and has considered the facilities that are available to the company along with their continued support.

At the date of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that the going concern basis of accounting remains appropriate. The directors continue to adopt the going concern basis of accounting in preparing the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, HODGE BAKSHI LIMITED, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Dr B Rees-Smith - Director

24 June 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RSR LIMITED

Opinion

We have audited the financial statements of RSR LIMITED (the 'company') for the year ended 30 September 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RSR LIMITED**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RSR LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtain an understanding of the entity, its activities, its control environment and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which include:

1. Enquiry of management and those charged with governance with regards to actual and potential litigation and claims as well as actual, suspected and alleged fraud;
2. Assessing the extent of compliance with rules and regulations specifically in relation to Companies Act and employment laws which are considered to have a direct material effect on the financial statements or the operations of the company through enquiry of the Directors and senior management team and inspection of records during and subsequent to the year ended 30 September 2021.
3. Reviewing financial statement disclosure and verifying to supporting documentation to assess compliance with applicable laws and regulations.
4. Performing audit work to mitigate risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.
5. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by through discussions with management to understand where they considered there was susceptibility to fraud and by considering the key risks impacting the financial statements. We identified fraud risk in relation to the completeness of revenue and manipulation of stock valuation as well as the existence of stock. We gained an understanding of the processes and key controls by performing a walkthrough to evaluate the design and implementation of controls. In addition, we completed the following procedures:
 - Revenue recognition - We obtained an understanding of the company's material revenue streams and an understanding of the process that has been implemented for each. We ascertained the point in which the company will become entitled to recognise the income receivable. On a sample basis we identified the origins of each transaction and traced through to source documentation and subsequent recording within the accounting system.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RSR LIMITED**

- Stock existence - We attended the company's year end stock take to observe its procedures and controls. On a sample basis we verified physical stock to the company's stock system and then from the stock system to physical stock.

- Stock valuation - We obtained an understanding of the company's valuation methodology and insured consistent with its accounting policy. On a sample basis we agreed the value of stock to source documentation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instance of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Pankaj Bakshi (Senior Statutory Auditor)
for and on behalf of HODGE BAKSHI LIMITED
STATUTORY AUDITORS
Churchgate House
3 Church Road
Whitchurch
Cardiff
CF14 2DX

24 June 2022

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	30.9.21 £	30.9.20 £
TURNOVER	3	21,507,203	20,499,330
Cost of sales		<u>8,787,517</u>	<u>7,667,812</u>
GROSS PROFIT		12,719,686	12,831,518
Administrative expenses		<u>3,143,364</u>	<u>3,199,880</u>
		9,576,322	9,631,638
Other operating income		<u>8,207,054</u>	<u>7,688,787</u>
OPERATING PROFIT	5	17,783,376	17,320,425
Interest receivable and similar income		<u>20,818</u>	<u>72,065</u>
		17,804,194	17,392,490
Interest payable and similar expenses	6	<u>-</u>	<u>3,543</u>
PROFIT BEFORE TAXATION		17,804,194	17,388,947
Tax on profit	7	<u>1,768,610</u>	<u>1,377,884</u>
PROFIT FOR THE FINANCIAL YEAR		<u>16,035,584</u>	<u>16,011,063</u>

The notes form part of these financial statements

RSR LIMITED (REGISTERED NUMBER: 03766047)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	30.9.21 £	30.9.20 £
PROFIT FOR THE YEAR		16,035,584	16,011,063
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>16,035,584</u>	<u>16,011,063</u>

The notes form part of these financial statements

RSR LIMITED (REGISTERED NUMBER: 03766047)**BALANCE SHEET**
30 SEPTEMBER 2021

	Notes	30.9.21 £	£	30.9.20 £	£
FIXED ASSETS					
Tangible assets	9		524,271		583,711
CURRENT ASSETS					
Stocks	10	1,155,216		1,250,081	
Debtors	11	9,106,057		7,560,647	
Cash at bank and in hand		<u>13,508,776</u>		<u>14,066,279</u>	
		23,770,049		22,877,007	
CREDITORS					
Amounts falling due within one year	12	<u>609,179</u>		<u>878,757</u>	
NET CURRENT ASSETS			<u>23,160,870</u>		<u>21,998,250</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			23,685,141		22,581,961
PROVISIONS FOR LIABILITIES	14		<u>67,596</u>		<u>-</u>
NET ASSETS			<u>23,617,545</u>		<u>22,581,961</u>
CAPITAL AND RESERVES					
Called up share capital	15		100		100
Retained earnings	16		<u>23,617,445</u>		<u>22,581,861</u>
SHAREHOLDERS' FUNDS			<u>23,617,545</u>		<u>22,581,961</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2022 and were signed on its behalf by:

Dr B Rees-Smith - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 October 2019	100	21,570,798	21,570,898
Changes in equity			
Dividends	-	(15,000,000)	(15,000,000)
Total comprehensive income	-	16,011,063	16,011,063
Balance at 30 September 2020	<u>100</u>	<u>22,581,861</u>	<u>22,581,961</u>
Changes in equity			
Dividends	-	(15,000,000)	(15,000,000)
Total comprehensive income	-	16,035,584	16,035,584
Balance at 30 September 2021	<u>100</u>	<u>23,617,445</u>	<u>23,617,545</u>

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	30.9.21 £	30.9.20 £
Cash flows from operating activities			
Cash generated from operations	1	16,299,927	18,680,339
Interest paid		-	(3,543)
Tax paid		(1,672,154)	(3,500,237)
Net cash from operating activities		<u>14,627,773</u>	<u>15,176,559</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(211,844)	(491,435)
Sale of tangible fixed assets		5,750	-
Interest received		20,818	72,065
Net cash from investing activities		<u>(185,276)</u>	<u>(419,370)</u>
Cash flows from financing activities			
Equity dividends paid		(15,000,000)	(15,000,000)
Net cash from financing activities		<u>(15,000,000)</u>	<u>(15,000,000)</u>
Decrease in cash and cash equivalents		<u>(557,503)</u>	<u>(242,811)</u>
Cash and cash equivalents at beginning of year	2	14,066,279	14,299,090
Cash and cash equivalents at end of year	2	<u>13,508,776</u>	<u>14,066,279</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021****1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.9.21	30.9.20
	£	£
Profit before taxation	17,804,194	17,388,947
Depreciation charges	271,284	176,175
Profit on disposal of fixed assets	(5,750)	-
Government grants	-	(10,000)
Finance costs	-	3,543
Finance income	(20,818)	(72,065)
	18,048,910	17,486,600
Decrease/(increase) in stocks	94,865	(64,475)
(Increase)/decrease in trade and other debtors	(1,574,270)	1,064,274
(Decrease)/increase in trade and other creditors	(269,578)	193,940
Cash generated from operations	16,299,927	18,680,339

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2021

	30.9.21	1.10.20
	£	£
Cash and cash equivalents	13,508,776	14,066,279

Year ended 30 September 2020

	30.9.20	1.10.19
	£	£
Cash and cash equivalents	14,066,279	14,299,090

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.10.20 £	Cash flow £	At 30.9.21 £
Net cash			
Cash at bank and in hand	14,066,279	(557,503)	13,508,776
	<u>14,066,279</u>	<u>(557,503)</u>	<u>13,508,776</u>
Total	<u>14,066,279</u>	<u>(557,503)</u>	<u>13,508,776</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. STATUTORY INFORMATION

RSR LIMITED is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal activities of the company and the nature of the company's operations are set out in the strategic report.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. In making this assessment, the directors have reviewed the balance sheet, the likely future cashflows of the business and have considered the facilities that are available to the company along with their continued support.

The directors have considered the ongoing impact of Covid-19 on the operations of the entity and the entities ability to continue as a going concern. The directors have and continue to take a number of actions to financially safeguard the company and minimise the effects of the Covid 19.

At the date of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that the going concern basis of accounting remains appropriate. The directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with fellow wholly owned subsidiaries within the group.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Depreciation

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the asset.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, aging profile of the debtor as well as historical experience.

In assessing the recoverability of balances with fellow group and connected companies, management periodically reviews the financial performance of these entities to gain assurance as to the recoverability.

Stock provisioning

The company designs, manufactures and sells medical diagnostic kits. An obsolete stock provision is recognised with reference to the expiry date of perishable items used in the manufacturing process.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES - continued

Turnover

Sale of goods

Turnover is the amount derived from ordinary activities, and is measured at the fair value of the consideration received or receivable. Turnover is reduced for estimated customer returns, rebates and other similar allowances, and is stated net of VAT.

Turnover from the sale of diagnostic kits as specified in the strategic report is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Royalty income

Royalty revenue is recognised on an accruals basis in accordance with the terms of the relevant agreement (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Interest income

Interest income is recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses to arrive at the carrying value in the financial statement. The cost of tangible assets includes the original purchase price, delivery costs and costs directly attributable to bring the asset to its working condition intended use, dismantling and restoration costs and also any qualifying borrowing costs that are capitalised.

Depreciation is provided at the following annual rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives:

Plant & machinery - 25% on cost
Fixtures and fittings - 20% on cost
Motor vehicles - 25% on cost
Computer equipment - 33% on cost

Asset residual values and useful economic lives are regularly reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any changes are accounted for prospectively.

At each balance sheet date, the company reviews the carrying amount of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs comprise direct production costs and are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

An assessment of any slow moving or obsolete stock provision is made with reference to the expiry dates prescribed on materials.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is expensed in the year in which it is incurred.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except where deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance (expense)/income. All other foreign exchange gains and losses are presented in the the income statement within other operating (losses)/gains.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES - continued

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives are recognised in the income statement over the term of the lease as an integral part of the total lease expense.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when:

- (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or
- (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Cash & Cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES - continued

Basic financial assets, which include trade and other debtors, loans to related companies and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, loans to related companies and bank loans are initially recognised at transaction price unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the assets cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Related parties

For the purposes of these financial statements, an entity is considered a related party to the company if:

(i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;

(ii) the company and the party are subject to common control;

(iii) the party is an associate of the company or a joint venture in which the company is a venturer;

(iv) the party is a member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or

(vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred. The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, defined benefit contribution pension plans and medical costs.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021**2. ACCOUNTING POLICIES - continued**

The obligation for contribution to a defined contribution scheme is recognised as an expense in the period it is incurred. The assets of the scheme are held separately from those of the company in an independent administered fund.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	30.9.21	30.9.20
	£	£
United Kingdom	1,298,954	1,029,501
Export	20,208,249	19,469,829
	<u>21,507,203</u>	<u>20,499,330</u>

4. EMPLOYEES AND DIRECTORS

	30.9.21	30.9.20
	£	£
Wages and salaries	4,805,054	4,879,225
Social security costs	522,840	498,891
Other pension costs	242,190	280,161
	<u>5,570,084</u>	<u>5,658,277</u>

The average number of employees during the year was as follows:

	30.9.21	30.9.20
	<u>112</u>	<u>119</u>
	30.9.21	30.9.20
	£	£
Directors' remuneration	620,725	620,103
Directors' pension contributions to money purchase schemes	<u>17,499</u>	<u>17,499</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	30.9.21	30.9.20
	£	£
Emoluments etc	167,759	166,432
Pension contributions to money purchase schemes	<u>3,500</u>	<u>3,500</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.9.21	30.9.20
	£	£
Depreciation - owned assets	271,284	176,175
Profit on disposal of fixed assets	(5,750)	-
Auditors' remuneration	21,000	20,890
Rent	<u>253,417</u>	<u>328,200</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.9.21	30.9.20
	£	£
Interest payable	<u>-</u>	<u>3,543</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021**7. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	30.9.21 £	30.9.20 £
Current tax:		
UK corporation tax	1,701,014	1,395,030
Under/(Over) provision of tax	-	(17,146)
Total current tax	<u>1,701,014</u>	<u>1,377,884</u>
Deferred tax	67,596	-
Tax on profit	<u>1,768,610</u>	<u>1,377,884</u>

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.9.21 £	30.9.20 £
Profit before tax	<u>17,804,194</u>	<u>17,388,947</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	3,382,797	3,303,900
Effects of:		
Depreciation in excess of capital allowances	67,596	-
Adjustments to tax charge in respect of previous periods	-	(17,146)
Depreciation & Balancing charge	50,450	33,473
R&D claim	(433,260)	(482,636)
Effect of Capital allowances	(49,649)	(105,583)
Disallowable items	-	8
Patent Box deduction	(888,754)	(865,560)
Group relief	(360,570)	(488,572)
Total tax charge	<u>1,768,610</u>	<u>1,377,884</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

8. DIVIDENDS

	30.9.21	30.9.20
	£	£
Dividend Paid	<u>15,000,000</u>	<u>15,000,000</u>

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 October 2020	3,228,611	569,527	119,498	117,585	4,035,221
Additions	211,844	-	-	-	211,844
Disposals	-	-	(69,995)	-	(69,995)
At 30 September 2021	<u>3,440,455</u>	<u>569,527</u>	<u>49,503</u>	<u>117,585</u>	<u>4,177,070</u>
DEPRECIATION					
At 1 October 2020	2,655,685	566,358	111,882	117,585	3,451,510
Charge for year	261,085	3,169	7,030	-	271,284
Eliminated on disposal	-	-	(69,995)	-	(69,995)
At 30 September 2021	<u>2,916,770</u>	<u>569,527</u>	<u>48,917</u>	<u>117,585</u>	<u>3,652,799</u>
NET BOOK VALUE					
At 30 September 2021	<u>523,685</u>	<u>-</u>	<u>586</u>	<u>-</u>	<u>524,271</u>
At 30 September 2020	<u>572,926</u>	<u>3,169</u>	<u>7,616</u>	<u>-</u>	<u>583,711</u>

10. STOCKS

	30.9.21	30.9.20
	£	£
Stock of Raw Material	<u>1,155,216</u>	<u>1,250,081</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.9.21	30.9.20
	£	£
Trade debtors	3,721,729	2,697,034
Tax recoverable	45,088	107,834
Due from group companies	4,227,821	3,695,744
Tax	803,972	832,832
Prepayments	307,447	227,203
	<u>9,106,057</u>	<u>7,560,647</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.21	30.9.20
	£	£
Trade creditors	300,777	517,952
Social security and other taxes	130,976	126,696
Other creditors	37,380	48,653
Due to group undertakings	24,684	24,684
Accrued expenses	103,134	148,544
Directors' loan accounts	12,228	12,228
	<u>609,179</u>	<u>878,757</u>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	30.9.21	30.9.20
	£	£
Within one year	200,000	328,200
Between one and five years	800,000	1,312,800
In more than five years	600,000	1,312,800
	<u>1,600,000</u>	<u>2,953,800</u>

14. PROVISIONS FOR LIABILITIES

	30.9.21	30.9.20
	£	£
Deferred tax	<u>67,596</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021**14. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Provided during year	<u>67,596</u>
Balance at 30 September 2021	<u>67,596</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.9.21 £	30.9.20 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

16. RESERVES

	Retained earnings £
At 1 October 2020	22,581,861
Profit for the year	16,035,584
Dividends	<u>(15,000,000)</u>
At 30 September 2021	<u>23,617,445</u>

17. ULTIMATE PARENT COMPANY

Dixondale Limited, which prepares group financial statements, is regarded by the directors as being the company's ultimate parent company.

18. CONTINGENT LIABILITIES

Counter Indemnity given by the company's bankers, HSBC Bank for £40,000 to HM Customs and Excise.

19. RELATED PARTY - DIRECTORS

As at 30 September 2021 an amount of £12,228 (2020 : £12,228) was owed to Dr B Rees-Smith. This amount is included within creditors falling due within one year. The balance is interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

20. RELATED PARTY DISCLOSURES

Amounts owed by and to group undertakings, of which there is no formal agreement, are unsecured, interest free, have no fixed repayment date of repayment and are repayable on demand.

The company has taken advantage of the exemptions available under FRS 102 section 33.1A and has not disclosed transactions with wholly owned subsidiaries of immediate parent company Dixondale Limited.

The company sold goods of £3,689,537 (2020: £3,345,877) to a fellow subsidiary and received £1,859,368 (2020: £1,902,479) of royalty income from subsequent resale of these products from the fellow subsidiary company. As at 30 September 2021, £1,434,255 (2020 : £1,296,023) was owed from the fellow subsidiary from the sale of goods and £474,648 (2020 : £534,003) relating to royalties. The balance is included within debtors falling due within one year.

The company recharges administration costs of £21,828 (2020 : £nil) on behalf of the fellow subsidiary. As at 30 September 2021 £21,828 (2020 : £nil) was owed to the fellow subsidiary. The balance is included within debtors falling due within one year.

The company sold goods of £5,521,469 (2020 : £4,421,177) and made purchases of goods of £193,828 (2020 : £136,302), to a company which the ultimate parent has a vested interest in and meets the definition of an associate. As at 30 September 2021, £1,324,093 (2020 : £817,070) was owed from the connected company from the sale of goods. The balance is included within debtors falling due within one year.

The company sold goods of £1,092,895 (2020 : £727,164) to a company which the ultimate parent has a vested interest in and meets the definition of an associate. As at 30 September 2021, £233,086 (2020 : £175,933) was owed from the connected company from the sale of goods.

As at 30 September 2021 an amount of £15,040 (2020 : £15,040) was owed to a company which the Director has a controlling interest in.

21. ULTIMATE CONTROLLING PARTY

The controlling party is Dr B Rees-Smith.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.